

Organization January, 1934

DIRECTORS

J. A. BOHANNON
K. S. BARNES
S. T. CREIGHTON
G. A. ELLIS
ALFRED FRITZSCHE
JOHN M. LEE
E. P. TAYLOR
R. E. WILCOX

OFFICERS

J. A. BOHANNON
President
E. P. TAYLOR
Vice-President
S. T. CREIGHTON
Secretary
R. E. WILCOX
Treasurer

STATISTICAL
JAN 11 1934
NOT TO
Annual Report

Peerless Corporation



Consolidated Balance
Sheet

Income and Surplus
Accounts



September 30, 1933

MRB
CORP. FILE

PEERLESS MOTOR CAR CORPORATION

(name changed to Peerless Corporation on October 4, 1933)

and Subsidiary Companies

CONSOLIDATED BALANCE SHEET

September 30, 1933

ASSETS

Cash in banks and on hand.....		\$ 506,291.27
Securities owned (amount not in excess of estimated market value).....		5,002.00
Notes and accounts receivable and inventories pertaining to discontinued automotive operations, at estimated realizable values.....		12,147.45
Fixed assets, as valued by Board of Directors as at October 31, 1931:		
Land	\$ 450,730.00	
Buildings, machinery and equipment, less adjustments on account of abandonments, etc., and less allowance for depreciation.....	428,060.74	
Construction work in process.....	87,084.76	965,875.50
Prepaid insurance, taxes, etc.....		2,009.28
Deferred charges:		
Expenses incurred in connection with filing registration statement with Federal Trade Commission, and in organizing for brewing activities, etc.....		44,688.53
		<u>\$1,536,014.03</u>

LIABILITIES

Accounts payable	\$ 57,562.15
Accrued taxes	57,684.06
Reserve for workmen's compensation insurance.....	2,881.25
	<u>\$ 118,127.46</u>

Note: Commitments on building remodeling and equipment purchases at September 30, 1933 were \$531,917, and in addition thereto contracts aggregating \$121,424 were entered into subsequent to September 30, 1933.

CAPITAL

Capital stock, par value \$3. per share:		
Authorized 750,000 shares		
Issued and outstanding 436,739 shares.....	\$1,310,217.00	
Capital surplus, as annexed	107,669.57	1,417,886.57
		<u>\$1,536,014.03</u>

Notes:

The company entered into a contract on August 29, 1933, under the terms of which Redmond & Company agreed, subject to prior subscription by stockholders, to purchase 92,348 shares at \$5 per share. The contract has not been consummated and the company has filed suit against Redmond & Company in that connection.

The company entered into a contract on July 11, 1933 under the terms of which it agreed to issue 25,000 shares of its capital stock to Brewing Corporation of Canada, Ltd., in consideration of the exclusive right and license to use formulæ, processes, etc. of that corporation in the United States.

PEERLESS MOTOR CAR CORPORATION,
New York, New York.

We have examined the accounts of PEERLESS MOTOR CAR CORPORATION and its subsidiary companies as at September 30, 1933, and we certify that, subject to the valuation for land, buildings and equipment as indicated, the above consolidated balance sheet and annexed consolidated income and capital surplus accounts, in our opinion, set forth the combined financial position of the companies as at September 30, 1933 and the combined results from their operations for the year then ended.

LYBRAND, ROSS BROS. & MONTGOMERY.

New York, December 19, 1933.

CONSOLIDATED INCOME ACCOUNT

for the year ended September 30, 1933

Sales of cars, parts, etc.....		\$ 8,326.80
Costs of sales, selling and general expenses, plant maintenance, repairs, taxes, etc. ...	\$ 82,628.07	
Depreciation of buildings and equipment.....	12,261.21	94,889.28
Loss from operations.....		\$ 86,562.48
Interest income and miscellaneous.....		10,763.40
Net loss		<u>\$ 75,799.08</u>

CONSOLIDATED CAPITAL SURPLUS ACCOUNT

September 30, 1933

Balance of capital surplus, October 1, 1932.....		\$234,098.88
Add:		
Excess of par value over cost of 8,325 shares of capital stock purchased during period	\$ 16,634.75	
Reduction of reserve for workmen's compensation insurance and contingencies....	35,961.14	
Adjustment of amounts provided in prior years for taxes, bad debts and value of securities	40,334.59	92,930.48
		\$327,029.36
Deduct:		
Adjustment in book value of fixed assets.....	\$ 10,103.71	
Cash distribution to stockholders of 50 cents per share on 266,914 shares.....	133,457.00	
Loss for the year ended September 30, 1933.....	75,799.08	219,359.79
Capital surplus, September 30, 1933.....		<u>\$107,669.57</u>

TO THE STOCKHOLDERS OF
PEERLESS CORPORATION:

December 29, 1933.

A Consolidated Balance Sheet showing the financial condition of your Corporation and its subsidiaries, as of September 30th, 1933, is submitted herewith, together with Consolidated Income and Surplus Accounts for the fiscal year ended on that date. The operations of the Corporation's subsidiaries during the past year have been limited to the liquidation of the outstanding accounts and inventories acquired during the time they were engaged in the manufacture and sale of automobiles. The major portion of the loss shown by the Consolidated Income Statement represents taxes, depreciation and maintenance of the plant properties of a subsidiary located in Cleveland, Ohio. During the past year, a relatively small portion of this property has been leased by the subsidiary, but the income to that company from these leases has not been substantial.

Pursuant to plans fully outlined in my letter to Stockholders under date of September 12, 1933, the Corporation's wholly owned subsidiary, Brewing Corporation of America, began, about August 1st, 1933, the remodeling and equipping of a portion of its Plant at Cleveland to convert it into a modern Brewery. This work is being carried on as rapidly as possible; the building changes have been practically completed and the equipment is being installed. There have been unavoidable delays due to unfavorable weather conditions and the inability of equipment manufacturers to make deliveries as promptly as had been anticipated. It is now expected that the brewing of ale can be commenced about February First and it is believed this delay will not seriously affect the operating results for the coming year.

The initial financing for this project was provided for by the sale of Treasury Stock. The \$534,450.00 realized from the sale, was supplied to Brewing Corporation of America. On August 29th, 1933, an Agreement was entered into between Redmond and Company, a member firm of the New York Stock Exchange, by the terms of which they agreed to underwrite the issuance of 92,348 shares of additional capital stock, subject to a prior offering to stockholders. Under this Agreement, Redmond and Company undertook to either find purchasers for the shares not subscribed for by the Stockholders or, to purchase such shares themselves and pay \$5.00 per share in cash for same. For their services and obligations undertaken in this Agreement, Redmond and Company were to be paid a fee of 50¢ per share upon all stock underwritten.

At a Special Meeting of Stockholders, held on October 4th, 1933, the issuance of 117,348 additional shares was authorized. In accordance with this authorization, 25,000 shares have been delivered to Brewing Corporation of Canada Limited, in conformity with the Contract of July 11th, 1933, which provides among other considerations, for the exclusive right to use their trade marks, labels, formulæ and processes in the United States. The remaining 92,348 shares were offered to Stockholders of record as of October 24, 1933, in the proportion of one share for each five shares then held by them.

The New York Stock Exchange, on October 10th, 1933, approved the listing and issuance of these shares.

Preliminary to the issuance of additional capital stock, the Corporation, on September 29th, 1933, filed a Registration Statement with the Federal Trade Commission, in compliance with the Securities Act of 1933, and no objection was raised by the Commission as to the legality or issuance of this stock.

One of the requirements of the Commission is an Opinion of Counsel as to the legality of the stock proposed to be issued. An Opinion in this respect was rendered by Messrs. Hunton, Williams, Anderson, Gay and Moore, Attorneys of Richmond, Virginia. Messrs. Calfee and Fogg, Attorneys in Cleveland, Ohio and Messrs. Clark, Carr and Ellis, Attorneys of New York City, have concurred in this Opinion, which was to the effect that the Corporation had the right to legally issue this stock and to aid its wholly owned subsidiary, Brewing Corporation of America, by direct loan or otherwise.

The Corporation, having complied with all of the conditions provided for in its Agreement with the underwriters, tendered to Redmond and Company, on November 24th, 1933, 92,071 shares and Redmond and Company refused to accept the delivery and pay therefor at the rate of \$5.00 per share on the ground that their Counsel questioned the Corporation's right "to engage directly or indirectly in a single brewing enterprise and to employ substantially all of its liquid assets therein."

The Directors believe that Redmond and Company's refusal is based on a technicality wholly without merit and suit has been filed in the United States District Court for the Southern District of New York against Redmond and Company for the purchase price, according to their contracted obligation and damages.

Negotiations are now pending to secure capital from other sources, and it is hoped and expected that definite progress in this respect can be reported at the Annual Meeting of Stockholders which will be held in Richmond, Virginia, January Twenty-third, 1934. It should be kept in mind that the Cleveland properties of Brewing Corporation of America, which are very conservatively valued on the Corporation's Consolidated Balance Sheet, are entirely unencumbered, and furnish adequate security for the financing desired. Any announcements made at the Annual Meeting will be covered later by letter to those Stockholders who are not present.

Respectfully submitted on behalf of
The Board of Directors,

J. A. BOHANNON,
President.